



2015 REPORT TO THE COMMUNITY

Longmont Power & Communications - NextLight™





Thanks to Longmont,

WE'RE LEADING THE WAY

The tremendous support for NextLight™, our new 100% fiber-optic Internet service, is helping set Longmont apart as an example of how communities can benefit from municipally-owned utility services that focus on customers. Thanks to you, our owners and customers, Longmont Power & Communications (LPC) is leading the way as a model for future growth through technology, energy efficiency, and communications.

LPC ramped up construction of our community broadband network in 2015 and met an overwhelming response. Demand for NextLight skyrocketed beyond our projections; by the end of 2015, our subscriptions had exceeded our 2018 estimates by more than 30%. Due in part to such positive customer demand, we accelerated network construction efforts and plan to have the majority of construction completed ahead of the original schedule.

When the network is completed, Longmont will be the first gigabit city in Colorado, and that's catching a lot of attention. Many communities across the country have noticed what we're doing. The combination of high quality, low cost, and reliable electric and broadband services is something others want to copy. Thanks to a strong community vision and your support, we are recognized as a leader.

Coupled with our low electric rates, NextLight is already drawing new business into the city and helping retain existing business. That means more jobs and a more vibrant economy that help enhance our quality of life. The success of NextLight hasn't diminished our focus on electric service. We invested about \$2.0 million in electric system upgrades and reliability projects in 2015. We also continued to invest in energy efficiency and renewable power that help our customers and the environment.

Longmont was recognized as a Solar Friendly City by the Colorado Solar Energy Industries Association for adopting best practices that make solar installation easy for our customers. We also launched a 5-year program to convert all the city's streetlights to LED fixtures that will reduce electricity usage, cost and carbon emissions, as well as improve illumination. And, despite increasing cost pressures, our average electric rate remained 23% lower than the average national rate.

As always, our main goal as a locally-owned and operated utility is to be a trusted community partner that adds value to the city and the lives of our customers. Together, we're making Longmont something special.

An aerial photograph of a town nestled in a valley. In the background, a range of mountains with snow-capped peaks stretches across the horizon under a clear blue sky. The middle ground shows a mix of green fields, some autumn-colored trees, and a few industrial structures. The foreground is dominated by a dense residential area with many trees showing vibrant autumn foliage in shades of yellow, orange, and red. A dark blue semi-transparent rectangle is overlaid on the middle ground, containing white text. At the bottom of the image, there is a decorative graphic consisting of a blue and orange wavy line above a solid green bar.

BEYOND EXPECTATIONS

Our mission is to deliver outstanding electric and broadband service experiences to our customer-owners while providing exceptional value and benefit to our community.

2015 IN REVIEW

LPC Service Area

Total: 49 sq. miles
Within City limits: 29.5 sq. miles
Outside City limits: 19.5 sq. miles
(Hygiene, Lyons, Apple Valley)

Electric Customers (1% ↑)

Total: 38,229
Residential: 35,465
Commercial: 2,756
Industrial: 8

Electric Finances (3% ↑)

Revenues: \$67 million
Expenses: \$63 million

Electric Distribution System (1% ↑)

607 miles
460 miles underground
44 main distribution circuits
6 substations

Electric System Load

Energy: 801,587 MWh
Winter Peak: 121,521 KW
Summer Peak: 170,474 KW

LPC Utility

Debt: \$40.3 million
Reserves: \$15.6 million

Broadband Distribution System

178 miles (117 miles ↑)

Broadband Customers (8 times ↑)

Residential: 2,256
Commercial: 97

Broadband Finances

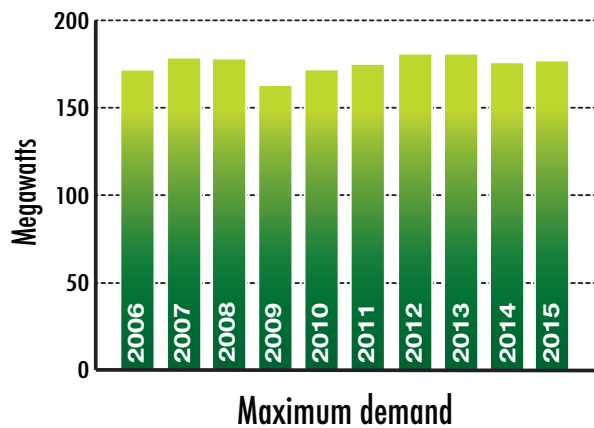
Revenues: \$1.35 million
Expenses: \$2.67 million
(Includes both operating and capital improvements)

NOTE: Arrows indicate increases or decreases since 2014

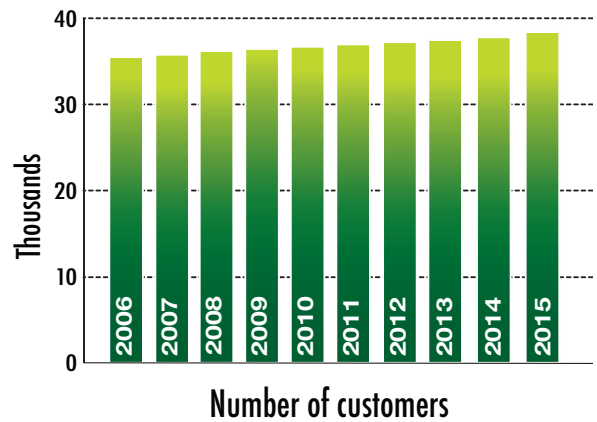
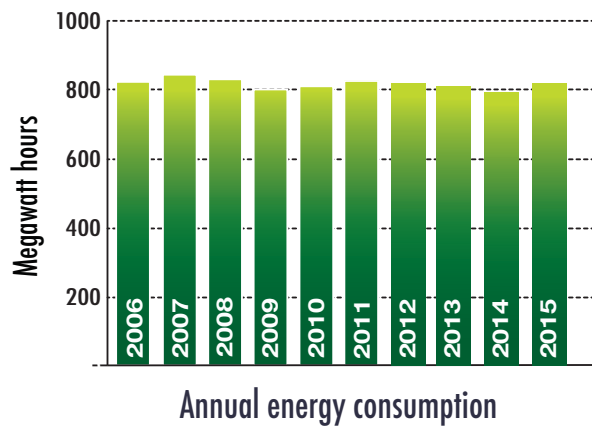


ELECTRIC CAPITAL IMPROVEMENT PROGRAM (CIP) EXPENSES:

ELECTRIC SYSTEM GROWTH



While the number of LPC customers has increased about 8% over the last 10 years, Longmont's 2015 energy consumption was 2.6% less than in 2006. In that same period, maximum demand (the highest amount of electricity required to meet customer needs during a one-hour period) decreased nearly 1%. This is due in part to energy efficiency programs that help our customers to use less energy. Changes in weather also affect usage.



The Capital Improvement Program is an important tool for planning, building, and improving electric system infrastructure. It enables LPC to continue to safely deliver the highly reliable electricity our customers have come to expect. LPC spent \$2.0 million on CIP expenses in 2015.

- Overhead to underground line conversions: \$173,000
- Street lighting projects focused on improved safety: \$15,000
- Facility upgrades: \$356,000
- System reliability improvements: \$173,000
- Electric service installations, upgrades, and main feeder extensions for new development and individual customers: \$1.3 million

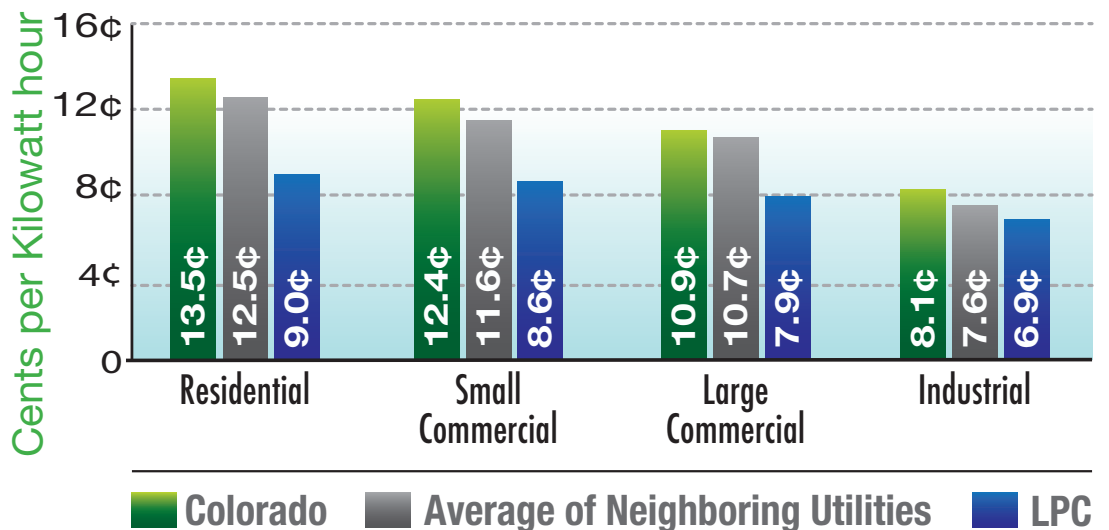
ELECTRIC RATES

In 2015, LPC's residential, commercial, and industrial customers paid significantly lower electric rates than customers in neighboring communities and throughout Colorado. Longmont's average electric rate for all customer classes was 23% less than the average national electric rate.



Due to LPC's low electric rates, Longmont **saved \$26.5 million** compared to the average rates in Colorado!

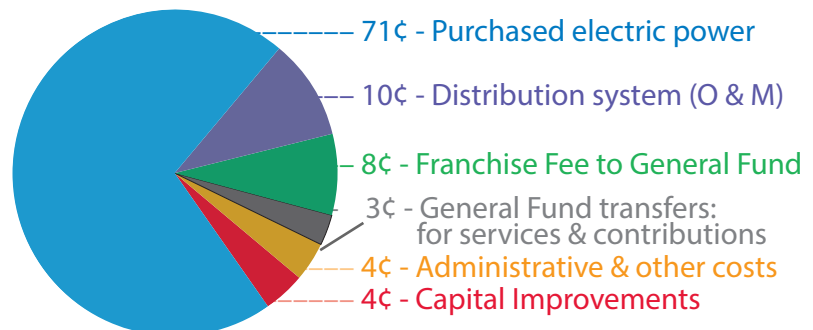
AVERAGE BLENDED ELECTRIC RATES



ELECTRIC FINANCES

Purchased power from Platte River Power Authority (PRPA) was LPC's largest expense, representing 71 cents of every Electric Fund expense dollar. PRPA wholesale rates are much lower than other power providers, and lower power costs allow LPC to maintain lower rates for its customers. Electric distribution system operations and maintenance was 10 cents of every expense dollar, followed by the franchise fee payment to the City general fund of 8 cents per expense dollar.

EXPENSES PER DOLLAR



Platte River Power Authority (PRPA), owned by the cities of Longmont, Loveland, Fort Collins, and Estes Park, has provided reliable, low-cost, and environmentally responsible electricity since 1975. PRPA has tripled the amount of wind energy on its system in the last two years and now has 78 megawatts (MW) of wind power. PRPA is also building a new 30 MW solar facility at its Rawhide generating station that will come on line in late 2016. Combined with 90 MW of existing hydro-power, about one-third of Platte River's municipal energy supply will come from renewable resources in 2017. Longmont is represented on the PRPA Board of Directors by the Mayor and the LPC General Manager.

PRPA had a generation capacity of 922 MW in 2015. Resources included:

- Rawhide Energy Station: 280 MW coal and 388 MW natural gas
- Yampa Project: 154 MW coal
- Western Area Power Administration: 90 MW hydro-power
- Spring Canyon Expansion Wind Energy Center: 60 MW wind
- Silver Sage Windpower Project: 12 MW wind
- Medicine Bow Windpower Project: 6 MW wind



Platte River
Power Authority



LED STREET LIGHTING

In 2015 LPC introduced a 5-year plan (2016-2020) to upgrade Longmont's 3,700 streetlights from high pressure sodium lamps to LED luminaires. The plan resulted from over six years of testing and evaluating the performance of LED lighting fixtures that began in 2009. Since 2011, LPC has installed over 350 LED street lights, including 161 new LED luminaires on Main Street and Ken Pratt Boulevard in 2015. Since 2010, LPC has also replaced more than 9,500 CFL and incandescent bulbs with LED equivalent bulbs in neighborhood pedestal lights.

The benefits of new LED street lighting include:

- Longer life (about 14 years) and lower maintenance cost
- 60% reduction in energy usage
- More natural light, resulting in more accurate color rendering
- No elemental sodium or mercury vapors, less environmental impact

When completed in 2020, the LED street lighting project will result in:

- Electricity savings of 1,252,000 KWH annually
- \$102,000 cost savings annually
- A decrease of 1,200-1,500 metric tons of CO2 emissions annually

LPC will install between 600-800 LED street lights each year. Total cost of the five-year project is about \$1,143,000.



Efficiency Works

Efficiency Works™ is an energy efficiency improvement program provided to Longmont residents and businesses by LPC in partnership with PRPA. Efficiency Works™ offers assistance that can help customers save energy and money through building efficiency upgrades. Customers can:

- Schedule an energy assessment
- Identify cost-effective energy efficiency projects
- Learn about rebates and incentives
- Identify reliable participating contractors

ENERGY MIX

The mix of energy that LPC provides for its customers comes from a variety of sources, including coal, wind, hydro-power, and natural gas. In 2015, LPC received 19.0% of its electricity from hydro-power and 9.6% of electricity from other renewable sources.

Average Energy Mix of Resources Supplying Non-Renewable Subscribers¹

Coal	Natural Gas	Hydroelectric	Renewable	Other
64.1%	0.6%	19.0%	9.6%	6.7%

1. This is based on the resource mix provided by Platte River Power Authority for the year 2015.

In addition to these sources, 530 customers purchased nearly 4.4 million KWh of renewable energy on a voluntary basis through the Renewable Power Purchase Program, a Green-e Energy Certified* program. Electricity purchased in the voluntary program is 100% renewable, using wind as well as renewable energy certificates from wind.

The Renewable Power Purchase Program is sold in blocks of 100 kWh for residential customers and blocks of 500 kWh for commercial customers, or matches 100% electricity usage. The table² below provides the renewable resource mix in 2015 as well as the projected resource mix in 2016.

RENEWABLE POWER PURCHASE PROGRAM PRODUCT CONTENT LABEL					
Green-e Energy Eligible New ³ Renewables In Renewable Power Purchase Program					
2015 Historic			2016 Prospective		
Source	%	Generation Location	Source	%	Generation Location
Wind	100%	WY, OK, CO	Wind	100%	WY, CO

2. The 2016 Prospective figures reflect the renewables that we have contracted to provide. Actual figures may vary according to resource availability. We will annually report to you before August 1 of next year in the form of a Historic Product Content Label the actual resource mix of the electricity you purchased. The 2015 Historic figures reflect the power delivered to Renewable Power Purchase Program customers in 2015.

3. New Renewables come from generation facilities that first began commercial operation within the past 15 years. This product includes generation from a facility that is approved for extended use by Green-e Energy. The average home in the United States uses 909 kWh per month. [Source: U.S. EIA, 2013]. For specific information about this electricity product, please contact Longmont Power & Communications at 303.651.8386 or visit us online at www.longmontcolorado.gov/lpc.



*The Renewable Power Purchase Program is Green-e Energy certified, and meets the environmental and consumer protection standards set forth by the nonprofit Center for Resource Solutions. Learn more at www.green-e.org/green-e.org.



LONGMONT NAMED SOLAR FRIENDLY COMMUNITY

The City of Longmont was recognized in 2015 as a "Solar Friendly Community" by the Colorado Solar Energy Industries Association. Longmont is one of only 18 communities in Colorado to receive the honor, which recognizes cities that make it easier for residents to install grid-tied solar equipment. The award recognizes work done by both LPC and the city's Planning and Development Services Department to simplify the solar installation process.

The Solar Friendly Community designation allows Longmont residents to get a \$500 discount on solar energy systems from contractors that participate in the program.

LONGMONT: BUILDING THE FIRST GIGABIT CITY

Longmont Power & Communications began construction of the NextLight™ fiber optic network in August 2014 with an ambitious plan to make broadband Internet service available to the entire City of Longmont by the end of 2017. It was a huge undertaking to install hundreds of miles of conduit and fiber optics past nearly 38,000 homes and businesses within the city's 29.5 square mile territory.

Today, LPC is on target to complete the majority of NextLight network construction ahead of that schedule. By early 2015, high demand for fiber-optic Internet and phone service had made it clear that LPC needed to accelerate the project, and work went into high gear.

Making that happen required a big effort, and a bigger team. When 2014 ended, LPC and its contractors had 63 people building NextLight. By the end of 2015, that had boomed to a combined force of 158 workers – and even that doesn't capture the full magnitude, since many LPC employees also have roles in both the electric and broadband utilities. Keeping up with the community's eagerness for NextLight has been exciting as we work to finish the network as quickly, efficiently and cost-effectively as possible. That enthusiasm has also made the work well worth it, especially when a newly-connected resident or business gets their long-awaited chance to say "I got my gig!"





- Construction crews installed **117 miles of conduit and 132 miles of fiber** in 2015, passing more than 6,600 premises. System build-out was **39% complete** at the end of the year.
- A survey of new customers ranks the NextLight service experience at a weighted average of 9.0 on a 10-point scale (1 = poor, 10 = excellent). Reasons for the **high satisfaction ratings** include service quality, ease of connection, and high Internet speed.
- In May 2015, **NextLight ranked as the fastest Internet service in the nation** according to Ookla, an Internet speed testing company.
- By the end of 2015 - just one year into the project - NextLight take rates significantly **exceeded our five-year projections.**

CHARTER MEMBER OFFER: 1 GIG/\$49.95

Catch the fastest Internet connection around for an unbeatable rate - just sign up within the first three months of service availability to your home. And it's no come-and-go gimmick; once you're a Charter Member, you stay one, assured of receiving our best rates and unmatched connection speeds.



PRESORT STANDARD
US POSTAGE
PAID
LONGMONT, CO
PERMIT 19



nextLight™
LONGMONT'S BROADBAND



www.longmontcolorado.gov/lpc
www.longmontcolorado.gov/nextlight

1100 S. Sherman Street, Longmont, CO.

303.651.8386

lpc@longmontcolorado.gov

